

SENATE BILL 3162

By Jordan

AN ACT to amend Tennessee Code Annotated, Sections 67-1-1802, 67-6-102 and 67-6-209, to clarify that the sales and use tax exemptions and reduced rates applicable to purchases made by manufacturers of tangible personal property for resale do not apply to contractors whose principal business is the performance of contracts to improve realty, other than road contractors.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-6-102, is amended by deleting subsection (7) in its entirety and by substituting instead the following:

(7) "Fabricating or processing tangible personal property for resale" means only tangible personal property which is fabricated or processed for resale and ultimate use or consumption off the premises of the one engaging in such fabricating or processing, or hot mix asphalt and crushed stone fabricated by a contractor for use by the contractor in highway or road construction projects funded by tax revenues;

SECTION 2. Tennessee Code Annotated, Section 67-6-209, is amended by adding at the end of subsection (c) the following new language:

However, the transfer of tangible personal property by a contractor who contracts for the installation of the tangible personal property as an improvement to realty does not constitute a sale, except as provided in § 67-6-102(7), and the contractor shall not be permitted to obtain the benefit of any exemptions or reduced tax rates available to manufacturers under T.C.A. § 67-6-206 or § 67-6-102(23)(E).

SECTION 3. Notwithstanding the provisions of Tennessee Code Annotated, Section 67-1-1802, sales or use taxes paid prior to the effective date of this act on purchases or sales to a

contractor whose principal business is the improvement of real property shall not be refunded when based upon the industrial machinery exemption provided by T.C.A. § 67-6-206, the energy fuels, electricity and water reduced rates or exemption provided by T.C.A. § 67-6-206 or the industrial materials exemption provided in T.C.A. § 67-6-102(23)(E) unless a properly documented refund claim is filed within ninety (90) days of the effective date of this act.

SECTION 4. This act shall take effect upon becoming a law, the public welfare requiring it.

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